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**From:** Shauna Favalora  
**Sent:** Thu 1/22/2004 3:04 PM  
**To:** 'Daniel.Pappas@firstdata.com'  
**Cc:** Bob Maihos; Wayne Callahan  
**Subject:**

Hello Mr. Pappas. I am Shauna Favalora, the Merchant Account Manager for Direct Marketing Concepts. I am the person responsible for overall compliance and quality assurance issues between our sales departments, merchant processing banks, and customer service departments.

Bob Maihos asked me to respond to your email inquiry regarding a customer confusion of a one-time purchase versus a re-supply order (auto-ship order).

As you know, a common occurrence in our industry is for customers to claim

6/2/2004

that their autoship order was not authorized because they believe that is the only way they will be refunded for their orders. As such, Direct Marketing Concepts has always fully disclosed, both verbally and in written materials, its return policy with regard to both one-time orders and re-supply orders. Furthermore, in almost all instances, the company has always prioritized a customer's satisfaction over the 30-day return time-frame window. To that end, we have routinely accepted sales returns well beyond the 30-day return period. Yet, in our ongoing quality control efforts, sales managers have always striven to ensure sales reps communications with customers are always crystal clear. Sales managers routinely monitor the sales representatives' sales calls in order to ensure the strictest adherence to all policies and procedures. Similarly, phone monitoring is used as a training tool to provide reps continuing training on an individual basis.

As a proactive step to ensure the veracity of communications with our customers with regards to the re-supply program, we deployed a computerized system for use with every sales order with a re-supply component. The name of the system is Contract Genie. This system records the conversation between the sales-rep and the customer during which time the sales-rep reviews with the customer the details of the sales order, the amounts to be charged against the customer's credit card, the shipping terms, and the re-supply provisions and our return policy. During the review process, the customer is verbally given a customer number, an invoice number, and the telephone number of our customer service department. Moreover, the sales-rep re-iterates the customer's desire and acceptance to purchase the re-supply component. As the sales-rep receives the customer's acknowledgement that he understands both the nature of the re-supply program and the customer's opportunity to cancel or change the re-supply order at any time the Contract Genie system records this sales order/contract verification. This recorded voice conversation between the sales-rep and the customer, detailing all aspects of the customer's order and his acknowledgment of that order, becomes a permanent record attached to the sales order and is immediately retrievable by computer by our customer service department. Once the recorded conversation has completed, a unique voice record locator number is generated and that number is permanently attached to the sales order. At any later date, that recorded voice conversation can be recalled at the click of a button and the details of the customer's acknowledgement and understanding can be reviewed.

I would be happy to arrange a demonstration of the Contract Genie system, including a review of the entry point at which it's executed in our sales scripts. Or, if you prefer more technical information on the system, I can connect you with the president of Contract Genie and their website: [www.contract-genie.com](http://www.contract-genie.com).

I stress that this computerized system does not replace our excellent sales managers who will continually monitor the quality of our sales reps conversations with our customers.

If you would like any further information, please feel free to contact me or Bob Maihos directly. Thank you.

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